

PROMOTING THROUGH PUBLICITY and SALES PROMOTION



What is Publicity?

. . . Any non-personal presentation of ideas, goods, or services that is not paid for by the company or individual which receives it

It is a form of promotion





What is Publicity?

- ◆ Any kind of news coverage provided free by the media
- ◆ Not paid for by the business, organization, or individual mentioned in the news article



Characteristics of Publicity

- ◆ Can be good or bad
- ◆ Has credibility
- ◆ Can reach a mass audience
- ◆ Is intended to inform, not sell



Characteristics of Publicity

- ◆ Does not have a sponsor
- ◆ Cannot be controlled by the recipient
- ◆ Often seen as an endorsement
- ◆ Does have costs



Importance of Publicity

- ◆ Overall benefit: Publicity lets the rest of the world know about the business



Advantages of Publicity

- ◆ Can help to increase a business's profits
- ◆ Can make it easier for a company to do business
- ◆ Can make hiring easier for the business
- ◆ Can save a business money by extending its advertising budget





Disadvantages of Publicity

- ◆ May not be accurate
- ◆ May not be presented in a way or at a time that will reach the right audience
- ◆ May not be used at all
- ◆ Can be negative and harmful to the business
- ◆ Can be expensive
- ◆ Is not usually repeated





Reasons for Trying to Obtain Publicity

- ◆ Can help a business stay in the public eye
- ◆ Can inform the public about the business's philosophy
- ◆ Can help to introduce new products or product lines
- ◆ Can help to combat a bad image
- ◆ Can publicize a special event
- ◆ Can help to foster good human relations



Planning for Publicity

- ◆ Define the business
- ◆ Find out “who it is.”
- ◆ Review marketing objectives
- ◆ Look at the promotional mix
- ◆ Determine available resources



Set publicity goals

- ◆ To reach a specific audience
- ◆ To create a specific image
- ◆ To publicize unique features
- ◆ To establish rapport with media
- ◆ To get more publicity than competitor



Assign responsibility

- ◆ Public relations department
- ◆ Outside specialist
- ◆ Inside specialist



Steps to Follow in Developing Publicity

- ◆ Decide what to publicize
- ◆ Choose the media
- ◆ Select a form of publicity
 - Fact sheet or press release
 - Feature article
 - Press kit
 - Printed materials
 - Captioned photograph
 - Audiovisual materials
 - News conference
- ◆ Create the message
- ◆ Get the publicity presented
- ◆ Evaluate the outcome



Public Relations Tools

- ◆ Fact Sheet
 - Brief facts involving a general company announcement or event
 - Often sent to radio and television stations in hopes of gaining free “advertising”
- ◆ News (or Press) Releases
 - Most widely used PR tool
 - Consists of one or more typed sheets of information issued to generate publicity on a subject of interest
 - Cover time-sensitive hard news, such as announcement of a new product, promotion of an executive, an unusual contest, landing of a major contract, or establishment of scholarship fund
- ◆ Feature Article
 - Article written by a public relations officer of a company for print media in order to control the message being published by the media
 - Article written about a company/person/product by a member of the media that sheds favorable attention on the company/person/product



Example of Fact Sheet

TO: Benjamin Brown, Business Editor
The Anywhere Daily Dispatch
6500 Good News Boulevard
Anywhere, UT 84111

For further information:
Mary Smith
(208) 571-6548 (Work)
(208) 571-9874 (FAX)
(208) 571-8795 (Home)

GOURMET MARKET OPENS
FOR RELEASE BEFORE July 10, 19--

WHAT: Grand Opening of a new Fine Food Gourmet Market

WHEN: Saturday, July 10, 19--, at 10:00 a.m.

WHERE: Lane Road Mall, 1600 Lane Road

WHY: To welcome the public to the third Fine Food outlet





News Release

Fine Food Gourmet Markets
2200 Midway Drive
Salt Lake City, UT 84111

Contact: Mary Smith
457-1234 (Work)
4570123 (FAX)
876-54342 (Home)

FOR IMMEDIATE RELEASE

Gourmet Market Opens

Fine Food Gourmet Markets announced today that the grand opening of its newest gourmet food shop will be at 10:00 a.m., Saturday, July 10, 19--. At the Lane Road Shopping Center, 1660 Lane Road. The shop's first 50 customers will receive gift packages containing samples of Fine Food's gourmet jellies, meats, cheeses, cookies, and other delicacies.

Services offered by the market will include the preparation of party trays and gifts baskets, catering, local delivery, and shipping to other locations. John Riley, president of Fine Food Gourmet Markets, will cut the ribbon and greet the public at the grand opening.

Riley said that the new market is Fine Food's their location in Anywhere. The company operates similar shops in the Hunt Valley Mall and in Park Ridge Plaza



Feature Article

Salt Lake City, UT --- Gourmet food shops in general have an up-scale image, but John Riley, president of Fine Food Gourmet Markets, is trying to show his company also care about those who can't afford high-priced delegacies. Fine Foods donates its leftover food items each day to a shelter for the homeless. Shelter residents enjoy such gourmet goodies as lean roast beef, imported cheese, red-skin potato salad, and fresh clam chowder.

The idea of providing meals for the homeless began when Riley saw a televised news story about the financial needs of the downtown shelter. The story showed how far the shelter had to stretch its food budge each month in order to feed everyone. A bakery had already offered its day-old bread, and a supermarket had agreed to deliver leftover produce once a day. When Riley heard the shelter officials express their appreciation for these donations, he decide his business could also help out.

This is not the first time that Fine Food Gourmet Markets has shown concern for the community. Fine Foods has sponsored a little league baseball team, provided food baskets to be auctioned off to rase money for the PTA, and permitted Civtan to sell fruitcake at its markets.

One of the problems Fine Foods has encountered is delivery of its food items to the shelter. Market employees load the catering van at the end of each business day to make the trip downtown. Volunteers who would like to help load and/or deliver the food would be very much appreciated. To sign up, contact Fine Foods offices at 457-1234



Public Relations Tools (cont.)

◆ Press (or Media) Kits

- Supports publicity gained at staged events and includes:
 - ◆ Basic fact sheet of information about the event
 - ◆ Program or schedule of activities
 - ◆ List of the participants and their biographical data
 - ◆ News story about the event for the broadcast media
 - ◆ News and feature stories for the print media
 - ◆ Any pertinent photos or brochures

◆ Printed materials

- Include all a company's printed publications
- Most popular tools used by PR professionals

◆ Captioned photograph

- Photographs either sent to the media by a company or taken by the media that include information about the photo, which is used to add credibility or interest to a news story



Public Relations Tools (cont.)

- ◆ *Audiovisual materials* include slides, films, filmstrips, CDs, and videocassettes
 - May be used for training, sales, or public relations
 - Non-theatrical or sponsored films
 - ◆ Considered a form of *corporate advertising*
 - ◆ Developed for public relations reasons
 - ◆ Provided at no charge to movie theaters, organizations, schools, etc.
 - *Video news releases (VNRs)* are news or feature stories prepared by a company and offered free to TV stations, which may use the whole video or just segments
 - ◆ Sometimes seen as subtle commercials or propaganda
- ◆ **News Conference**
 - Media events scheduled by a company, to which members of the press are invited, to promote a company, its products, or its people, OR to combat bad press due to a company mistake or accident



What is Sales Promotion?

- ◆ Promotional activities ***other than*** advertising, personal selling, and publicity, which stimulate purchases
 - Normally involves a direct inducement (such as money, prizes, extra products, gifts, or specialized information) that provides extra incentives to buy now or buy more, visit a store, request literature, display a product, or take some other action
 - Is designed to change the timing of purchase or shift inventory to others in the channel
- ◆ Sales promotion activities occur simultaneously with and utilize advertising and publicity





Examples of Sales Promotion

- ◆ Displays
- ◆ Fashion shows
- ◆ Coupons
- ◆ Exhibits
- ◆ Free samples
- ◆ Novelty items
- ◆ Trade shows
- ◆ Demonstrations



The Positive Effect of Sales Promotion on Brand Volume

- ◆ Adds tangible, immediate, extra value to the brand
- ◆ Maximizes sales volume
 - Advertising helps to develop/reinforce quality, differentiate brand reputation, and build long-term market value
 - A short-term price cut or rebate may be very effective at boosting sales
- ◆ When all brands appear equal, sales promotion can be more effective than advertising in motivating customers to try a new brand or to select one brand over another.
 - To be effective, sales promotions should be creative and hard to imitate



The Negative Effect of Sales Promotion on Brand Volume

- ◆ Excessive sales promotion at the expense of advertising hurts profits.
 - Some marketers believe the proper expenditure balance is approximately 60% for trade and consumer promotion and 40% for advertising.
- ◆ High levels of trade sales promotion relative to advertising and consumer sales promotion have a positive effect on short-term market share but may have a negative effect on brand attitudes and long-term market share.
 - Customers do not develop brand loyalty.
 - Promotions may destroy brand equality.
- ◆ High cost relative to gains generated.
- ◆ Overly aggressive sales promotion can draw competitors into a price war, which reduces sales and profits for everyone.



Trade Promotions

◆ Slotting Allowances

- Fees retailers charge manufacturers for the privilege of obtaining shelf or floor space for a new product

◆ Trade Deals

- Manufacturers offer retailers short-term discounts or other dollar inducements that are usually passed to customers through short-term sales prices or “specials”
 - ◆ *Forward buying* occurs when retailers stock up on a product when it is discounted and buy smaller amounts when it sells at list price.
 - ◆ *Diverting* means using the promotional discount to purchase large quantities of an item in one region, then shipping portions of the buy to areas where the discount isn’t offered.

◆ Display Allowances

- Fees stores charge manufacturers to make room for and set up displays, including counter stands, floor stands, shelf signs, and special racks that give the retailer ready-made, professionally designed vehicles for selling more of the featured product





Trade Promotions (cont.)

◆ Buyback Allowances

- When introducing a new product, manufacturers offer retailers the option to return old product that hasn't sold and some even offer a buyback allowance for competitor's leftover stock

◆ Advertising Allowances

- Percentage of gross purchases or a flat fee paid to the retailer, mainly of consumer products, to help defer the cost of advertising the manufacturer's product

◆ Co-op Advertising and Advertising Materials

- National manufacturers reimburse their dealers for advertising the manufacturer's products or logo in their trading area
 - ◆ Manufacturer usually pays 50 to 100 percent of the dealer's advertising costs based on a percentage of the dealer's sales
- Used to introduce new products, advertise certain lines, or combat competitors
- Typically require the dealer to submit invoices and proof of advertising
- Dealers often given prepared advertising materials to control product image



Trade Promotions (cont.)

- ◆ Dealer Premiums and Contests
 - Special prizes and gifts offered by manufacturers to retail dealers and salespeople to encourage them to reach specific sales goals or stock a certain product
- ◆ Push Money (PM) or Spiffs
 - A monetary inducement for retail salespeople to push the sale of particular products
 - Example: A shoe salesperson may suggest shoe polish or other high-profit extra
- ◆ Company Conventions and Dealer Meetings
 - Used to introduce new products, announce sales promotion programs, or show new advertising campaigns
 - Also used to conduct sales and service training sessions
 - Can be a dynamic sales promotion tool for the manufacturer because it can mean more shelf space, a special display, or extra interest and enthusiasm from salespeople



Consumer Promotions

◆ Point-of-Purchase (POP) Materials

- Designed to build traffic, exhibit and advertise the product, and promote impulse buying
- Work best when used with other forms of advertising
- May include window displays, counter displays, floor and wall racks to hold the merchandise, streamers, and posters
- Shipping cartons are designed to double as display units
- Information centers may provide literature, samples, product photos, or an interactive computer kiosk
- Emphasis on POP has led to new advertising approaches, including shopping cart ads, “talking” products, beverage jingles activated when in-store refrigerator doors are opened, and interactive computers for selecting a variety of products






Consumer Promotions (cont.)

◆ Coupons

- Certificate with a stated value presented to the retail store for a price reduction on a specified item
- May be distributed in newspapers or magazines, door to door, on packages, in stores, and by direct mail
 - ◆ Most reach consumers through *freestanding inserts* -- colorful preprinted newspaper ads
- Manufacturers lose hundreds of millions of dollars annually on fraudulent coupon submissions by retailers

◆ Combination Offers

- Used by food and drug marketers
 - Two related products are packaged together at a special price
 - Sometimes used to introduce a new product by tying its purchase to an established product at a special price
 - Example: toothbrush packaged with a tube of toothpaste
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Consumer Promotions (cont.)

◆ Electronic Coupons and Convenience Cards

– Electronic Coupons

- ◆ Work like paper coupons in that they entitle the shopper to a discount
- ◆ Normally distributed by interactive touch-screen videos at the point of purchase that generate instant-print discounts, rebates, and offers to try new brands
- ◆ Gives the retailer access to information about consumers that would normally not be available with paper coupons

– Convenience Cards

- ◆ Entitle the consumer to instant discounts at the check-out counter
- ◆ Records customers' purchases in a database allowing the retailer to better understand customers' purchasing habits
- ◆ Multipoints is a European interactive system that lets customers collect points for visiting stores or watching commercials on TV that can be redeemed for prizes or discounts on various products at participating stores.



Consumer Promotions (cont.)

◆ Cents-off Promotions, Refunds, and Rebates

- Cents-off promotions are short-term reductions in the price of a product in the form of cents-off packages, one-cent sales, free offers, and boxtop refunds
- Refunds are offered in the form of cash or coupons that can be applied to future purchases of the product by supplying the required proof of purchase
- Rebates are larger cash refunds offered to a consumer for purchasing a product
 - ◆ Large rebates (like those given on cars) are handled by the seller
 - ◆ Small rebates (like those for household appliances) are redeemed when the customer sends in a certificate
 - Research indicates that many people purchase a product because of an advertised rebate but never collect the rebate because of inconvenience.



Consumer Promotions (cont.)

◆ Premiums

- Item offered free or at a bargain price to encourage the consumer to buy an advertised product
- Affect purchase behavior the same way as rebates but tend to be more effective at getting consumers to buy a product they didn't really need
- Intended to improve the product's image, gain goodwill, broaden the consumer base, and produce quick sales
- Should have strong appeal and value and should be useful or unusual
- Types of Premiums
 - ◆ In-Pack -- included in the product's package
 - ◆ On-Pack -- included on the product's package
 - ◆ Self-liquidating -- consumer receives a free gift with purchase but pays enough for the specified product that seller breaks even
 - ◆ Continuity -- item given to customers who frequent store weekly with minimum dollar purchase



Consumer Promotions (cont.)

◆ Sampling

- Most costly of all sales promotions
- Most effective for new products because it offers consumers a free trial in hopes of converting them to habitual use
- Should be supported with advertising
- Must involve products available in small sizes and purchased frequently
- Samples may be distributed by mail, door to door, via coupon advertising, or by a person in a store
 - ◆ May be given free or for a small charge
 - ◆ Sometimes distributed with related items -- limits distribution
 - ◆ *Polybagging* delivers samples in plastic bags with the daily newspaper or monthly magazine
 - Enables distribution to target readers
 - ◆ *In-store sampling* programs often tied to a coupon campaign
 - Samples can be used as either a push or pull strategy



Consumer Promotions (cont.)

◆ Contests and Sweepstakes

- Encourage consumption of the product by creating consumer involvement
 - ◆ Contests offer prizes based on entrants' skill
 - ◆ Sweepstakes offer prizes based on a chance drawing of entrants' names
 - ◆ Games have the chance element of a sweepstakes but are conducted over a longer period of time
 - Marketing advantage is that customers must make repeat visits to the dealer to continue playing
- Companies cannot require a purchase as a condition for entry or contest/sweepstakes would be considered illegal
- Must be promoted and advertised to be successful
 - ◆ Expensive
 - ◆ Need dealer support -- sometimes award prizes to dealers